



# City of San Marcos

630 East Hopkins  
San Marcos, TX 78666

## Meeting Minutes City Council

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Wednesday, November 6, 2019

3:00 PM

City Council Chambers

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### 630 E. Hopkins - Work Session

#### I. Call To Order

**With a quorum present, the work session meeting of the San Marcos City Council was called to order by Mayor Hughson at 3:03 p.m. Wednesday, November 6, 2019 in the City Council Chambers, 630 E. Hopkins, San Marcos, Texas 78666.**

**Council Member Derrick arrived after roll call at 3:10 p.m.**

**Present:** 7 - Mayor Pro Tem Lisa Prewitt, Council Member Saul Gonzales, Council Member Melissa Derrick, Mayor Jane Hughson, Council Member Ed Mihalkanin, Council Member Joca Marquez and Council Member Mark Rockeymoore

#### II. Roll Call

1. Receive a Staff presentation and hold discussion regarding the proposed Parks and Recreation programs and services fees based on cost recovery, the introduction of additional fees, and community event services fees beginning January 1, 2020, and provide direction to the City Manager.

**Bert Lumbreras, City Manager, provided a brief introduction of the item and introduced Drew Wells, Director of Parks and Recreation and Melissa Neel, Assistant Director of Finance.**

**Melissa Neel, Assistant Director of Finance, provided the Council with the presentation. She began by informing the Council that Staff requests Council direction on proposed assumptions in finalizing Cost Recovery implementation for the Parks & Recreation programs and services. Ms. Neel informed the Council that the Community Event Fees topic would not be reviewed during this meeting and that the intent of those fees would be used for cost estimations only and Staff did not want to imply that those are ongoing services for hire by the City by establishing a formal fee list. She explained that Staff doesn't have the capacity to provide those services on an ongoing basis.**

**Ms. Neel reviewed the General Fund Fiscal Year 20 budget as follows:**

- **Parks & Recreation Dept (PARD) operating budget consumes ~ \$5.3M or 6% of the FY20 budget**
- **PARD Programs generate \$545K in revenue with \$4.8M supported by sales & property tax revenue**
- **FY21 budget General Fund property tax revenue could potentially face significant constraints due to SB2-property tax cap and pending changes to over 65 property tax**

**Ms. Neel explained that by setting fees based on cost recovery it would accomplish the following:**

- **Diversifies revenue to reduce property tax dependency**
- **Utilizes tax dollar subsidies on community based programs**
- **Meets state mandates requiring all user fees be justifiable**
- **Moves toward self funding programs the community currently enjoys**

**Ms. Neel reminded the Council of the Cost Recovery Methodology.**

**Ms. Neel explained the fee calculation formula. (Direct Cost \* Cost Recovery target %) / # of participants**

**Ms. Neel continued by explaining direct & indirect overhead cost:**

- **Staff leading programs, direct program supervision/support**
- **Supplies, transportation, insurance, utilities, contract services, direct facility maintenance**

**Ms. Neel explained that the volume of participants is based on actual usage.**

**Ms. Neel then turned over the presentation to Mr. Wells.**

**Mr. Wells explained that once of the first things that Staff did after identifying what the costs were associated with all of the Parks and Recreation programs was conducting an evaluation of all of their programs and services. He then explained that Staff reviewed the program and where it fell on a pyramid ranking based on beneficiary. Staff evaluated if the programs were community beneficial or more individually beneficial.**

**Mr. Wells reviewed the Parks & Recreation Cost Recovery**

**Mr. Wells reviewed the proposed Parks & Recreation Cost Recovery ,and explained that the recommended target cost recovery for year one is \$721,000 which would cover 28% of the direct cost.**

**Mr. Wells provided that the Gap between target cost recovery and proposed cost recovery is \$1.3M. Mr. Wells explained possible options to reduce the gap.**

**They included:**

- 1) more aggressive fee adjustment (not recommended)**
- 2) cost reduction**
- 3) new revenue source: non-resident parking zones**

**Mr. Wells reviewed the proposed program cost recovery percentages and explained that they were grouped into five broad areas.**

**Estimated Direct Cost | Current Cost Recovery Cost | Recovery Target |**

**Proposed FY20 Cost Recovery**

<b>Activity Center</b>	<b>\$552K</b>	<b>31%</b>	<b>84%</b>	<b>40%</b>
<b>Aquatics</b>	<b>\$314K</b>	<b>18%</b>	<b>63%</b>	<b>25%</b>
<b>Facility Rental</b>	<b>\$554K</b>	<b>26%</b>	<b>101%</b>	<b>31%</b>
<b>Pavilions +</b>	<b>\$81K</b>	<b>16%</b>	<b>57%</b>	<b>16%</b>
<b>Athletics</b>	<b>\$1.0M</b>	<b>16%</b>	<b>64%</b>	<b>20%</b>
<b>TOTAL</b>	<b>\$2.5M</b>	<b>22%</b>	<b>79%</b>	<b>28%</b>

**Mr. Wells reviewed the operating budgets of other cities, their cost recovery percentages and how our Activity Center fees compared to other large gyms in the area. He explained that Staff is proposing a fee of \$105 for an annual membership.**

**Mr. Wells reviewed the next steps and explained that Staff would like to bring back recommendations from the Parks and Recreation Board at a future work session, and then an action item for fee adoption.**

**Discussion was held regarding new revenue sources and what the Parks Board has spoken about such as non-resident parking zones, food trucks, and vending machines in parks and open spaces.**

**Discussion was held regarding the non-resident parking zones and the operating costs and how it would be implemented.**

**Discussion was held regarding how this would impact economically disadvantaged families with children that participate in youth programs and if the grants would remain available.**

**Discussion was held regarding the free events that are offered and sponsorship opportunities that could be available.**

**Discussion was held regarding the Parks Master Plan and how it is being used**

to guide the fees methodology.

Following discussion the Council discussion the Council provided consensus for staff to move forward with the proposed assumptions by taking them to the Parks and Recreation Advisory Board.

2. Receive a Staff presentation and hold discussion regarding updates on the final two remaining bond projects of the 2017 Bond Election; the relocation of Fire Station #2 and the design and construction of a new Fire Station #6 within the Trace neighborhood, and provide direction to the City Manager.

**Mr. Lumbreras provided a brief introduction of the presentation and introduced Chase Stapp, Interim Director of Public Safety and Les Stephens, Fire Chief.**

**Chase Stapp, Interim Director of Public Safety, provided the background of the two fire stations. He provided that in May of 2017, San Marcos voters approved multiple bond projects including several public safety projects including the relocation of the existing Fire Station #2 to another more suitable site within the city and the design and construction of a new Fire Station #6 to be located on a parcel of donated land within the Trace subdivision on the South end of the city. A station location study conducted in 2014 by Mike Pietsch Consultants determined the ideal location for a new Station 2 to be at the intersection of Wonder World Dr and Old Ranch Rd 12. A site was identified within the La Cima neighborhood that meets the criteria set forth in this study and eliminates the extreme coverage overlap that exists currently between the existing Station 2 and Station 1. This site was donated to the City as part of the development agreement with the La Cima developers and the City. Subsequent to Council approval, The City entered into a design/build agreement with Flintco Construction to design and build the new Station 2 at this site, and the purpose of this work session in part is to update the Council on the status of that project in preparation for an action item on this same Council agenda that will request approval for an amendment to the design agreement. The secondary purpose of this work session is to provide Council with an update on the Station 6 project in preparation of an action item by Council that is planned for the November 19 regular meeting. A much more comprehensive memo and additional background exhibits were provided in the packet for this presentation.**

**Mr. Stapp provided reviewed the exact language that voters saw on the ballot. He provided that it was neutral on the topic of the location for the stations to allow city staff and consultants the ability to make those determinations. Please note that we have changed the numerical reference to the Trace station to Station 6 to remain consistent with our current list of station numbers.**

Mr. Stapp reviewed the voter education language that was used in presentations. He explained that the language was not on the ballot, but it is what we used in the many public education meetings that were held prior to the bond election. It is also language that was approved for use in these meetings by the bond committee.

Mr. Stapp reviewed the Station Coverage Overlap and explained that the image illustrates the approximate 76% of overlapping coverage areas between the current Holland St Sta 2 and the Downtown Station #1. The green circle shows the current response district for Station 1 downtown and pink area depicts the response district for Station 2. He also stated that it was very important to mention is that about 50% of the city does not fall within one of the ideal response zones for any of the existing stations, so any move to reduce overlap between two or more stations is a good thing to do.

Mr. Stapp reviewed the initial location for station 2 of 2.3 acres at Wonderworld and Old RR12. He provided that It sold to another buyer before Council was able to move on purchasing the land. He then reviewed the new location for station 2 of 3.5 acres inside La Cima that was donated by the developer. As part of the design build agreement authorized by Council in 2019, site design work for this location has already been completed and paid for. The site still falls within the area recommended by the Station Location study completed by Mr. Pietsch.

Mr. Stapp reviewed Station 2 budget considerations. He provided that the original budget estimations were based on the pre-construction cost estimates for the new Station 4 on East Wonder World Dr (5.2 million). He reviewed site concerns for the station and explained that the La Cima site is located over the Edwards Aquifer recharge zone and will require more extensive site preparation work than what we saw with Station 4. Discussion was held regarding the detention pond that would be required.

Mr. Stapp reviewed the construction costs and explained that the costs of construction since Station 4 was planned have escalated considerably (approximately 17.4%). Mr. Stapp provided that Staff and Jacobs met at the design table to look for areas to reduce cost and identified about \$250,750 in savings to include:

- Adjust building finish floor elevation – (\$50,000)
- Adjust building footprint location within site for grade value – (\$45,000)
- Reduced building square foot at 2nd floor (1,937) – (\$96,850)

- Reduce height of stone storage walls – (\$3,500)
- Reduce perimeter fence lineal foot – (\$6,800)
- Adjust alignment and tap location for water utilities – (\$7,550)
- Revise Epic Deck support and installation method – (\$6,000)
- Adjust fire rated wall locations to remove rating requirement from Lobby Aluminum door – (\$3,500)
- Reduced irrigation service/meter size from 2” to 1” – (\$1,550)
- Reduced Aluminum Storefront framing member size from 5” to 4 ½” and removed IR501 requirement – (\$30,000)

Discussion was held regarding the location and why this site was selected. Chief Stephens explained that it would cost \$4.7 million dollars if we have to go and purchase another parcel of land and redesigned the project. Mr. Stapp reviewed the breakdown of the costs.

Mr. Stapp explained that comparator project data on Fire Station 4 recently constructed and similar projects in Texas indicate that our per SQ ft construction cost is in line with today’s market. Mr. Stapp explained that Burleson \$430, Ft Worth #45 \$438, Frisco \$428, several others from another contractor coming in between \$438 to \$525 per Sq ft. Mr. Stapp explained that the funding overage will be covered by interest earnings on bonds that were sold early – about \$1 million in capacity.

Mr. Stapp explained that during the regular meeting the Council will be asked to vote on the Guaranteed Maximum Price amendment to the design/build agreement for Station 2, and asked if the Council approved of Staff moving forward with design and construction of Station 6. The Council provided unanimous consensus to move forward.

## **EXECUTIVE SESSION**

3. Executive Session in accordance with the following Government Code Section(s):
  - A. Section § 551.071 - Consultation with Attorney: to receive a staff briefing and deliberate regarding the creation of Hays County Municipal Utility District No. 8. and to receive a staff briefing and deliberate regarding Martindale ETJ Matters.
  - B. Section §551.087 - Economic Development: to receive a staff briefing and deliberate regarding the creation of Hays County Municipal Utility District No. 8.
  - C. Section § 551.074 - Personnel Matters: to receive a staff briefing and hold discussion regarding the City Clerk position.

A motion was made by Council Member Mihalkanin, seconded by Mayor Pro Tem Prewitt, to enter into Executive Session at 4:53 p.m. The motion carried by the following vote:

**For:** 7 - Mayor Pro Tem Prewitt, Council Member Gonzales, Council Member Derrick, Mayor Hughson, Council Member Mihalkanin, Council Member Marquez and Council Member Rockeymoore

**Against:** 0

### III. Adjournment.

**A motion was made by Council Member Gonzales, seconded by Council Member Mihalkanin, to adjourn the work session meeting of the City Council at 5:58 p.m., Wednesday, November 6, 2019. The motion carried by the following vote:**

**For:** 4 - Council Member Gonzales, Mayor Hughson, Council Member Mihalkanin and Council Member Rockeymoore

**Against:** 0

**Absent:** 3 - Mayor Pro Tem Prewitt, Council Member Derrick and Council Member Marquez

**Jamie Lee Case, TRMC, City Clerk**

**Jane Hughson, Mayor**